

from service-related causes, and of veterans needing prescription drugs, is simply not acceptable to me. I do not understand their priorities.

Finally, Mr. President, as I noted at the outset, this compromise was crafted behind closed doors. I was denied any opportunity to participate in the conference. I asked for a public meeting of the sub-conference on a number of occasions in order to give us the opportunity to discuss the differences between the House and Senate provisions in a public forum. The only response I received was an invitation to a private meeting in Senator SIMPSON's office after the final agreement had been reached. That's just not good enough. The American people deserve better. America's veterans deserve better. We should conduct our business in the open, not behind closed doors. This package was developed with no input whatsoever from Senate Democrats. That is not how our Committee has functioned in the past. I regret that we are now taking that approach.

Mr. President, this package is a bad deal for veterans. It cuts too deeply and in wrong areas. As the Ranking Democrat on the Veterans' Affairs Committee, I see my role as looking out for our Nation's veterans, as making certain that our promises made to those who gave of themselves in our common defense are kept. This package does not do that. That is why I must oppose it.

#### CUT TAXES: BALANCE THE BUDGET

Mr. PRESSLER. Mr. President, the American people want and deserve an end to shameless, wasteful spending programs. They want a reduction in taxes for working middle-class families and a balanced budget so we finally live within our means—as people in my home state of South Dakota do every day. I feel passionately that we must give the dream of America back to our children. That is why I support the Balanced Budget Act of 1995.

The working men and women in America are fed up with politics as usual in Washington. They have spoken loudly that they want us to cut wasteful spending, reduce taxes for working middle-class families, and finally balance the budget. The Republicans in Congress have heard this call for change. We, too, are tired of business as usual. That is why we have proposed tax relief for working, middle-class Americans so they can keep more of what they earn, rather than leave it in the hands of Washington bureaucrats.

Recently, an editorial in the *Rapid City Journal* praised the current Republican tax plan. This editorial is right on target. Mr. President, I ask unanimous consent to place this editorial in the *RECORD* at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. PRESSLER. Why do middle-class, working Americans want us to cut spending and provide tax relief? The reason is obvious. The Federal Government wastes billions of their tax dollars every year on more and more programs that do less and less to meet the needs of average Americans. Working Americans are paying more and more for less and less. Now we have the opportunity to cut taxes and in the process make government more efficient and effective, smaller and smarter. It is time to give the American people what they want—a balanced budget, an end to wasteful spending, and a reduction of taxes for wage-earning, middle-class working families.

#### EXHIBIT 1

##### WIDE APPEAL IN TAX BREAKS

THE TAX BREAKS INCLUDED IN CONGRESSIONAL BUDGET PROPOSALS WILL BENEFIT MIDDLE-INCOME AMERICANS MOST

In the great budget debate of 1995, congressional Democrats and President Clinton have continually argued that Republicans are targeting the poor and elderly with spending cuts to pay for tax breaks for the wealthy.

Hmmm. Tax breaks for the wealthy?

There are flaws in this argument.

For one thing, the \$500-per-child tax credit under the expected budget compromise would go to families with incomes under about \$100,000. That means the wealthiest Americans—those with taxable incomes over \$100,000—wouldn't qualify for it. And it means most families that pay taxes would pay lower taxes.

A second tax break included in both the House and Senate budget bills would reduce the top capital gains tax rate from 28 percent to 19.8 percent. Although this tax break would result in wealthy taxpayers paying a lower rate, it could very well mean their total tax bills would be higher. The lower tax rate likely would motivate sales of investment assets that otherwise wouldn't be sold and thus wouldn't generate any tax revenue.

Plus, the increased economic activity that a lower capital gains tax rate would generate would result in increased capital for job-creating small businesses and a healthier economy that produces more tax revenue.

Besides, a cut in the capital gains tax rate doesn't apply only to wealthy individuals. It applies to everyone who increases their taxable income by selling a home or some other investment. In today's economy, that takes in a lot of people. One study showed that in 1990, when the top capital gains tax rate was lowered from 33 percent to its current 28 percent, 70 percent of the tax returns reporting capital gains were from people with taxable incomes below \$75,000.

So, while it may be correct that House and Senate budget proposals include some benefit for the wealthy, it's the middle income taxpayers that benefit most.

On the other side of the budget's impact on taxpayers are proposed reductions in the Earned Income Tax Credit, a tax break for workers with low incomes. The House bill proposes decreasing planned EITC spending by \$23 billion over the next seven years, while the Senate bill proposes \$43 billion.

Some of this reduction is justified. EITC eligibility requirements need to be tightened so people with low taxable incomes but high nontaxable incomes, from sources such as tax-free annuities, don't qualify. And in a program with a high rate of fraud—the Internal Revenue Service estimates up to 40 percent of the tax returns claiming the EITC contain errors or fraudulent claims—the

plan to double penalties for fraudulent EITC claims is justified.

But because the EITC program is, in effect, a reward for people who work rather than rely on welfare assistance, the budget proposals should be scaled back so as not to affect the people the EITC is intended to help.

Of course, these changes in tax credits and tax rates would increase the complexity of a federal tax code that is already too complicated. We should really be going in the opposite direction, toward a simpler tax code.

And on the other side of the budget proposals, the decreases in proposed spending, there is room to argue whether the decreases are targeted fairly.

But the tax breaks included in Republican budget proposals aren't as hideous as they've been made out to be.

A lot of hard-working, middle-income Americans would benefit.

#### THE 7-YEAR BALANCED BUDGET RECONCILIATION ACT OF 1995—CONFERENCE REPORT

The PRESIDING OFFICER. The Chair announces that the Senate has received the conference report from the House, and the clerk will now state the report.

The assisted legislative clerk read as follows:

The committee on conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2491) to provide for reconciliation pursuant to section 105 of the concurrent resolution on the budget for fiscal year 1996, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

Thereupon, the Senate proceeded to consider the conference report.

(The conference report is printed in the House proceedings of the *RECORD* of November 16, 1995.)

The PRESIDING OFFICER. The Senator from Nebraska.

#### POINT OF ORDER

Mr. EXON. Mr. President, I raise a point of order that the sections designated on the list that I now send to the desk violate the Byrd rule, sections 313(b)(1)(A) and (D) of the Congressional Budget Act.

The list follows:

#### EXTRANEOUS PROVISIONS IN H.R. 2491

Subtitle and section	Subject	Budget act violation	Explanation
Subtitle M Sec. 13301.	Exemption of physician office laboratories.	313(b)(1)(A) ....	No deficit impact
Sec. 1853(f) of the Social Security Act as added by Section 8001 of the bill.	Application of antitrust rule of reason to provider-sponsored organization.	313(b)(1)(A) .... 313(b)(1)(D) ....	No deficit impact Merely incidental

Mr. ABRAHAM. Mr. President, pursuant to section 904 of the Congressional Budget Act, I move to waive the point of order for consideration of the antitrust provisions that have been raised in this point of order.

The PRESIDING OFFICER. Under the Budget Act, there is now debate on the motion. Who yields time? The Senator from New Mexico.

Mr. DOMENICI. On behalf of the majority leader, I ask unanimous consent